



FIRST-TIME HOMEBUYER APPLICATION QUALIFYING GUIDELINES

HOMEOWNERSHIP UNITS

PLEASE READ THIS BEFORE COMPLETING APPLICATION

Please review changes to the priority point system

Households interested in purchasing the affordable units must complete the attached application and return it **no later than Monday, March 27th by 7:00 p.m.** along with all of the required documentation listed in the application package. Applications should be submitted to the City of Cambridge, Community Development Department 344 Broadway, 3rd floor, Cambridge, MA 02139. Incomplete applications will not be considered.

Step 1: Minimum Eligibility Criteria:

All households must meet the following minimum eligible criteria:

1. Applicant household size must be appropriate for the unit (view Occupancy Standards attached).
2. Household income must be at or below the 60% Area Median Income adjusted for household size (Please see attached income limits).
3. Applicant must not have owned a home for the past three years.
4. Applicant must have sufficient income to buy the unit given the income and credit requirements of mortgage lenders. A household's monthly housing expense (principal, interest, taxes, insurance, and condo fee) shall, in general, not exceed 30% of its gross monthly income. The estimated income needed to purchase these units with 97% financing is \$31,000.
5. Applicant must demonstrate access to sufficient cash as may be required for the down payment and closing costs.

Step 2: Required Income & Household Documentation:

A. Employment Income:

All employed household members must provide recent income documentation either:

- Four (4) most recent paystubs for weekly payrolls,
- Two (2) paystubs for bi-weekly payrolls or
- Verification from your employer through the payroll department on company letterhead verifying your annual gross salary.

B. Self-Employed:

If you are a self-employed household, you must provide the following information to be considered:

- Self-employed applicants must provide the Community Development Department with a copy of their 2005 Federal Income tax forms, all schedules (including Schedule C), and a statement of income expenses and all related tax documents to verify income information. The Community Development Department reserves the right to request additional income verification.

C. Income from other sources:

Complete this section on the CDD application if applicable to your household

D. Federal Tax Return Documentation:

All household members must submit a copy of the most recent **federal tax return, including all W-2's and 1040s, 1099s and all associated forms** for each household member over the age of 18. If a household member is not listed on the federal tax return and has not submitted an individual tax return, provide an explanation and appropriate documentation.

E. Savings & Checking accounts:

Submit three months worth of the most recent statements for all bank accounts for all members of the household. Including all Retirement Accounts, 401K and Money Market.

F. Household Assets:

A household with assets of \$50,000 or more at the time of application is not eligible for city of Cambridge rental or homeownership units. Households where all members are 62 or over, and households where all members are disabled, may be eligible for special consideration.

G. No Income Documentation:

Any household member over 18 years of age who has no source of income (No employment or financial benefits) you must contact CDD for a "Statement of No Income" form and explanation of circumstances (additional documentation may be requested).

H. Full time students:

Any household member over 18 years of age who is a full-time student must provide documentation from the school describing enrollment status.

I. Social Security Card: Social Security Card must be provided for all household members.

J. Birth Certificate: Certificate must be provided for all household members under 18 years of age.

K. IF THERE ARE ANY UNUSUAL CIRCUMSTANCES IN YOUR HOUSEHOLD, PLEASE DOCUMENT THEM IN WRITING AND SUBMIT WITH YOUR APPLICATION.

Examples include, but are not limited to:

- part-year employment,
- adult household members without income or who are full-time students,
- dependents not on your tax forms.

Step 3: Priority Point System:

All applications will be reviewed for household size and income eligibility and then ranked in order by the following priorities:

First Priority

- A. Current Cambridge Resident
- B. Household with children under 18

PLEASE NOTE: THE PRIORITY POINT FOR AN EMERGENCY NEED (HAS BEEN ELIMINATED) FOR HOMEOWNERSHIP UNITS.

A. Cambridge Resident Definition:

If you are currently living in Cambridge, please provide evidence of residency from **two** of the following options (additional documentation may be requested):

- the City's voting records
- a rental lease signed and dated within the last year in your name
- a utility bill in the applicant's name: original gas, electric, phone, cable. We will need to see the entire bill before payment and it must be dated within thirty days.
- a car registration or driver's license with your current address that is listed on application.
- a current school registration record with current address

If you are a former Cambridge resident who has been involuntarily displaced since January 1, 1995 as a result of the end of rent control, you must show proof of prior Cambridge residency & displacement due to rent control (contact CDD to verify documentation required).

B. Households with children under 18

C. Households with children under 6

***Please note:** Second priority will be given to applicants who are not presently living in Cambridge but are employed in Cambridge. These applicants will follow the same priority point system as Cambridge residents and are required to provide documentation of one full year of full-time employment in the City of Cambridge at the time of application. Contact CDD for further information.

Step 4: Complete Application Submitted to the Community Development Department:

Upon receipt of the completed application and all associated documentation, CDD staff will review and notify all applicants of their eligibility status by mail. The application review process will take a minimum of **6-8 weeks** from the application due date.

Step 5: Ranking/Open House:

All income and household eligible applicants will be ranked based on the priority point system, and those with the highest number of points will be invited to attend an Open House to view the unit.

Step 6: Lottery:

In the case of a tie in ranking, the top ranked applicants will be entered into a lottery system designed to randomly select a first place applicant. In the event that the applicant chosen to purchase the unit does not purchase the unit, the second applicant will be provided the opportunity to purchase the property. Should the second ranked applicant not proceed, the third applicant will be provided the opportunity, etc.

Step 9: Letter of Intent:

Within 72 hours of the lottery and viewing the unit, buyers interested in being considered will be required to submit a completed Letter of Intent provided by Community Development Department. The Letter of Intent indicates the purchaser's interest in moving forward with the process. The buyer will also be required to obtain a mortgage commitment at this time. Buyers who have not already taken a first-time homebuyer workshop will be required to attend a workshop to be scheduled by the Community Development Department prior to closing.

Step 10: Purchase & Sale Agreement:

The Purchase and Sale Agreement will be drafted and needs to be reviewed by buyer, and buyer's attorney, signed and returned within ten days of receipt. Failure to sign and return the Purchase and Sale Agreement within the ten-day period will result in forfeit of the opportunity to purchase the unit. Selected buyers are expected to engage the services of a qualified Home Inspector and Attorney to assist in the transaction. The chosen applicant will be expected to purchase the unit within forty-five days of the execution of the Purchase and Sale Agreement.

If you have any questions about this process, please call Robert Vining 617-349-4642 or Antonia Ray 617-349-4643 before the application due date. Please leave your name and daytime phone number.

Occupancy Standards for Homeownership Units

(Based on Federal Section 8 regulations)

To Determine Unit Size

1. To determine appropriate unit size for an applicant, the following criteria shall be used:
 - a) No more than two persons shall occupy the same bedroom.
 - b) Persons of the opposite sex (other than a couple) shall not be required to share a bedroom.
 - c) Two children of the same sex shall share a bedroom unless the difference in their ages is 10 years or more.
2. Families may choose to under-house themselves based on the following:
 - a) Children of opposite sexes may share a bedroom if the sum of their ages is 15 or less.
 - b) Children of the same sex may occupy the same bedroom regardless of age.
1. Eligible household size is based on all current, full-time and permanent household members at the time of application.
 - a) All household members must have had the same address as the applicant for at least 3 months from the time the application is submitted.
 - b) Only children that are born before the application deadline or are expected within two months of the application deadline (as documented by a medical professional) will be counted as household members.
 - c) Children of applicants, who are full-time students age 18 years and over and living in a college dormitory, will be considered part of the household if they are listed as dependents on their parent's tax return.
2. Applicants must be able to document, to the satisfaction of the City of Cambridge, that any recent additional members to their household are permanent, full-time members.
3. Those household members not listed on the most recent year's federal tax return as dependents of the applicant will be required to document that they have resided with the applicant for at least 3 months from the date of application.
 - a) Household members not listed, as dependents will be required to sign a notarized affidavit stating their intention to remain as a permanent full-time member of the applicants' household for the foreseeable future.

How to Determine Income Eligibility

Your total household income can not exceed the following:

Income Guideline for Families with Incomes at or below 60% Area Median Income

Household Size	2 persons	3 persons	4 persons
Maximum Income:	\$39,720	\$44,640	\$49,620

The income chart is based on federal, state, and Cambridge income limits for housing programs. These limits are determined by the US Dept. of Housing and Urban Development and are subject to change.